

CORRECTED FISCAL NOTE

HB 3090 - SB 3209

March 24, 2006

SUMMARY OF BILL: Exempts from any business tax liability farmers who provide services to other farmers for the planting or harvesting of agricultural products or for the preparation, improvement, or maintenance of land used in the production of agricultural products.

ESTIMATED FISCAL IMPACT:

On February 24, 2006, we issued a fiscal note indicating a decrease to state revenues of \$23,750 and a decrease to local government revenues of \$31,450. Based on additional information, the fiscal impact of this bill is:

(Corrected)

Forgone State Revenues - \$5,500

Forgone Local Govt. Revenues - \$7,200

Assumptions:

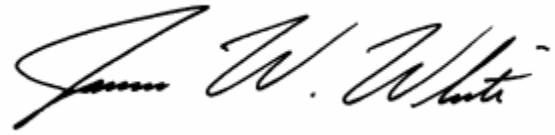
- The 2002 Tennessee Census of Agriculture estimated \$27.0 million per year for services rendered on farms.
- 25% is for specific services identified in this bill.
- Business tax base for 2007 is estimated to be \$6.75 million.
- Business tax is collected thru county clerks and county registers.
- Business tax rate on services is 3/16 of 1% of retail sales.
- The collection of business tax on the specific services identified in this legislation could not be confirmed.
- It is estimated that no business tax revenue is being collected for these services.
- If such business tax revenue is ever collected, such amount would be estimated at \$12,700 (\$6.75 million X 1% X 3/16 = \$12,656).
- Business tax revenue is divided approximately 43% to state and 57% to local governments.
- If local governments were ever to start collecting such tax, their share of forgone revenues is estimated to be \$7,200 (\$12,700 X 57% share = \$7,239).

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- State revenues forgone are estimated to be \$5,500 ($\$12,700 \times 43\%$ share = \$5,461).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director